



February 28, 2003

SENATE BILL No. 520

DIGEST OF SB 520 (Updated February 27, 2003 12:32 PM - DI 44)

Citations Affected: IC 6-1.1; IC 6-6; noncode.

Synopsis: Exempt aircraft from property tax. Establishes a property tax deduction for 100% of the assessed value of aircraft owned or operated by certain air carriers or scheduled air taxi operators that have an Indiana corporate headquarters. Provides that those aircraft are subject to the aircraft excise tax.

Effective: January 1, 2003 (retroactive); January 1, 2004.

Long

January 23, 2003, read first time and referred to Committee on Finance.
February 27, 2003, amended, reported favorably — Do Pass.

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SB 520—LS 7095/DI 51+



February 28, 2003

First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

SENATE BILL No. 520

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 6-1.1-12.2 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]:

Chapter 12.2. Deduction for Aircraft and Related Parts and Equipment

Sec. 1. This chapter applies only to the following:

(1) Aircraft that:

(A) have a seating capacity of not more than ninety (90) passengers;

(B) are used in the air transportation of passengers or passengers and property; and

(C) are owned or operated by a person who is:

(i) an air carrier certificated under Federal Air Regulation Part 121; or

(ii) a scheduled air taxi operator certified under Federal Air Regulation Part 135.

(2) Aircraft that:

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(A) are used to transport only property, regardless of whether the aircraft is operated as a common carrier for compensation; and

(B) are owned or operated by a person who is:

(i) an air carrier certificated under Federal Air Regulation Part 121; or

(ii) a scheduled air taxi operator certified under Federal Air Regulation Part 135.

Sec. 2. As used in this chapter "abatement property" refers to aircraft described in section 1 of this chapter.

Sec. 3. As used in this chapter, "aircraft" has the meaning set forth in 49 U.S.C. 40102.

Sec. 4. As used in this chapter, "air transportation" means transportation of passengers or property by aircraft as a common carrier for compensation.

Sec. 5. As used in this chapter, "business entity" refers to a corporation (as defined in IC 6-3-1-10) or partnership (as defined in IC 6-3-1-19).

Sec. 6. As used in this chapter, "Indiana corporate headquarters" means a physical presence in Indiana of a domestic business entity that results in Indiana being the regular or principal place of business of its chief executive, operating, and financial officers.

Sec. 7. As used in this chapter, "subsidiary" means a business entity in which another business entity with an Indiana corporate headquarters has at least an eighty percent (80%) ownership interest.

Sec. 8. As used in this chapter, "taxpayer" means a business entity that:

(1) has an Indiana corporate headquarters; or

(2) is a subsidiary of a business entity with an Indiana corporate headquarters;

and that is liable under IC 6-1.1-2-4, as applied under IC 6-1.1-3 or IC 6-1.1-8, for ad valorem property taxes on abatement property.

Sec. 9. A taxpayer is entitled to a deduction from the assessed value of abatement property in each year in which the abatement property is subject to taxation for ad valorem property taxes.

Sec. 10. The amount of the deduction is equal to one hundred percent (100%) of the assessed value of the abatement property.

Sec. 11. The deduction includes ad valorem property taxes calculated using aircraft ground times.

Sec. 12. To qualify for the deduction, the taxpayer must claim



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1 the deduction, in the manner prescribed by the department of local
 2 government finance, on the taxpayer's personal property tax
 3 return filed under IC 6-1.1-3 or IC 6-1.1-8 (or an amended return
 4 filed within the time allowed under this article) for the abated
 5 property to which the deduction applies.

6 SECTION 2. IC 6-6-6.5-9 IS AMENDED TO READ AS
 7 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 9. (a) The
 8 provisions of this chapter pertaining to registration and taxation shall
 9 not apply to any of the following:

- 10 (1) An aircraft owned by and used exclusively in the service of:
 11 (i) the United States government;
 12 (ii) a state (except Indiana), territory, or possession of the
 13 United States;
 14 (iii) the District of Columbia; or
 15 (iv) a political subdivision of an entity listed in clause (i), (ii),
 16 or (iii).

17 (2) An aircraft owned by a resident of another state and registered
 18 in accordance with the laws of that state. However, the aircraft
 19 shall not be exempt under this subdivision if a nonresident
 20 establishes a base for the aircraft inside this state and the base is
 21 used for a period of sixty (60) days or more.

22 (3) An aircraft which this state is prohibited from taxing under
 23 this chapter by the Constitution or the laws of the United States.

24 (4) An aircraft owned or operated by a person who is either an air
 25 carrier certificated under Federal Air Regulation Part 121 or a
 26 scheduled air taxi operator certified under Federal Air Regulation
 27 Part 135, unless such person is a corporation incorporated under
 28 the laws of the state of Indiana, ~~or~~ an individual who is a resident
 29 of Indiana, **or a corporation with Indiana corporate**
 30 **headquarters (as defined in IC 6-1.1-12.2-6).**

31 (5) An aircraft which has been scrapped, dismantled, or
 32 destroyed, and for which the airworthiness certificate and federal
 33 certificate of registration have been surrendered to the Federal
 34 Aviation Administration by the owner.

35 (6) An aircraft owned by a resident of this state that is not a dealer
 36 and that is not based in this state at any time, if the owner files the
 37 required form not later than thirty-one (31) days after the date of
 38 purchase; and furnishes the department with evidence,
 39 satisfactory to the department, verifying where the aircraft is
 40 based during the year.

41 (7) An aircraft owned by a dealer for not more than five (5) days
 42 if the ownership is part of an ultimate sale or transfer of an

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1 aircraft that will not be based in this state at any time. However,
 2 the dealer described in this subdivision is required to file a report
 3 of the transaction within thirty-one (31) days after the ultimate
 4 sale or transfer of ownership of the aircraft. The report is not
 5 required to identify the seller or purchaser but must list the
 6 aircraft's origin, destination, N number, date of each transaction,
 7 and ultimate sales price.

8 (8) An aircraft owned by a registered nonprofit museum, if the
 9 owner furnishes the department with evidence satisfactory to the
 10 department not later than thirty-one (31) days after the purchase
 11 date. The aircraft must be reported for registration, but the
 12 department shall issue the registration without charge.

13 (b) The provisions of this chapter pertaining to taxation shall not
 14 apply to an aircraft owned by and used exclusively in the service of
 15 Indiana or a political subdivision of Indiana or any university or college
 16 supported in part by state funds. That aircraft must be reported for
 17 registration, but the department will issue the registration without
 18 charge.

19 SECTION 3. [EFFECTIVE JANUARY 1, 2004] **IC 6-6-6.5-9, as**
 20 **amended by this act, applies to aircraft excise taxes and**
 21 **registration fees imposed under IC 6-6-6.5 after December 31,**
 22 **2003.**

23 SECTION 4. [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]
 24 **IC 6-1.1-12.2, as added by this act, applies only to assessment dates**
 25 **after January 1, 2003, and ad valorem property taxes due and**
 26 **payable after January 1, 2004.**

27 SECTION 5. **An emergency is declared for this act.**

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COMMITTEE REPORT

Mr. President: The Senate Committee on Finance, to which was referred Senate Bill No. 520, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 7 through 17, begin a new line block indented and insert:

"(1) Aircraft that:

(A) have a seating capacity of not more than ninety (90) passengers;

(B) are used in the air transportation of passengers or passengers and property; and

(C) are owned or operated by a person who is:

(i) an air carrier certificated under Federal Air Regulation Part 121; or

(ii) a scheduled air taxi operator certified under Federal Air Regulation Part 135.

(2) Aircraft that:

(A) are used to transport only property, regardless of whether the aircraft is operated as a common carrier for compensation; and

(B) are owned or operated by a person who is:

(i) an air carrier certificated under Federal Air Regulation Part 121; or

(ii) a scheduled air taxi operator certified under Federal Air Regulation Part 135."

Page 2, delete lines 1 through 2.

Page 2, line 4, delete "tangible personal property" and insert **"aircraft"**.

Page 2, delete lines 13 through 15.

Page 2, line 16, delete "7." and insert **"6."**

Page 2, delete lines 21 through 22.

Page 2, line 23, delete "9." and insert **"7."**

Page 2, line 27, delete "10." and insert **"8."**

Page 2, line 34, delete "11." and insert **"9."**

Page 2, line 37, delete "12." and insert **"10."**

Page 2, line 39, delete "13." and insert **"11."**

Page 2, line 41, delete "14." and insert **"12."**

Page 3, between lines 4 and 5, begin a new paragraph and insert:

"SECTION 2. IC 6-6-6.5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 9. (a) The provisions of this chapter pertaining to registration and taxation shall

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not apply to any of the following:

- (1) An aircraft owned by and used exclusively in the service of:
 - (i) the United States government;
 - (ii) a state (except Indiana), territory, or possession of the United States;
 - (iii) the District of Columbia; or
 - (iv) a political subdivision of an entity listed in clause (i), (ii), or (iii).
- (2) An aircraft owned by a resident of another state and registered in accordance with the laws of that state. However, the aircraft shall not be exempt under this subdivision if a nonresident establishes a base for the aircraft inside this state and the base is used for a period of sixty (60) days or more.
- (3) An aircraft which this state is prohibited from taxing under this chapter by the Constitution or the laws of the United States.
- (4) An aircraft owned or operated by a person who is either an air carrier certificated under Federal Air Regulation Part 121 or a scheduled air taxi operator certified under Federal Air Regulation Part 135, unless such person is a corporation incorporated under the laws of the state of Indiana, ~~or~~ an individual who is a resident of Indiana, **or a corporation with Indiana corporate headquarters (as defined in IC 6-1.1-12.2-6).**
- (5) An aircraft which has been scrapped, dismantled, or destroyed, and for which the airworthiness certificate and federal certificate of registration have been surrendered to the Federal Aviation Administration by the owner.
- (6) An aircraft owned by a resident of this state that is not a dealer and that is not based in this state at any time, if the owner files the required form not later than thirty-one (31) days after the date of purchase; and furnishes the department with evidence, satisfactory to the department, verifying where the aircraft is based during the year.
- (7) An aircraft owned by a dealer for not more than five (5) days if the ownership is part of an ultimate sale or transfer of an aircraft that will not be based in this state at any time. However, the dealer described in this subdivision is required to file a report of the transaction within thirty-one (31) days after the ultimate sale or transfer of ownership of the aircraft. The report is not required to identify the seller or purchaser but must list the aircraft's origin, destination, N number, date of each transaction, and ultimate sales price.
- (8) An aircraft owned by a registered nonprofit museum, if the

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owner furnishes the department with evidence satisfactory to the department not later than thirty-one (31) days after the purchase date. The aircraft must be reported for registration, but the department shall issue the registration without charge.

(b) The provisions of this chapter pertaining to taxation shall not apply to an aircraft owned by and used exclusively in the service of Indiana or a political subdivision of Indiana or any university or college supported in part by state funds. That aircraft must be reported for registration, but the department will issue the registration without charge.

SECTION 3. [EFFECTIVE JANUARY 1, 2004] IC 6-6-6.5-9, as amended by this act, applies to aircraft excise taxes and registration fees imposed under IC 6-6-6.5 after December 31, 2003."

Page 3, line 7, delete "2002," and insert "**2003**,".

Page 3, line 8, delete "2003." and insert "**2004**,".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 520 as introduced.)

BORST, Chairperson

Committee Vote: Yeas 15, Nays 0.

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